

T R A C A C T

Tax Reform Action Commission

Bill Summary

The case for reforming the current tax system has been well established. A number of good solutions have been proposed including the flat tax, the sales tax, and others. However, there is no agreement on *how* to move forward with reform. It is time to put tax reform on track.

The TRAC Act is designed to examine the problems of the current system, build consensus around a responsible, nonpartisan reform plan, and ensure timely consideration and action on tax reform.

- **Commission Membership:** Establishes a bipartisan Commission with 15 members –
 - 3 are appointed by the President (2 from Executive Branch, 1 from private life),
 - 4 are appointed by the Senate Majority Leader (1 Senator, 3 from private life),
 - 2 are appointed by the Senate Minority Leader (1 Senator, 1 from private life),
 - 4 are appointed by the Speaker of the House (1 Member, 3 from private life),
 - 2 are appointed by the House Minority Leader (1 Member, 1 from private life).
- **Objectives:** The TRAC Act includes key objectives based upon simplicity, fairness, and neutrality for the Commission to achieve in its recommendations.
- **Research and Consensus:** Through hearings, agency information requests, and consulting, the Commission will examine the issues of tax reform and compile recommendations for responsible change. The Commission can create task forces to focus on each specific issue it determines is critical to successful tax reform such as economic impact, ease of compliance, and transition issues, for example.
- **Reform Plan:** The Commission will formulate its recommendations into a bill which will be submitted to Congress.
- **Action:** The legislation submitted by the Commission will be automatically introduced in Congress by the House Speaker and the Senate Majority Leader. The bill will be subject to special rules in both the House and Senate that ensure consideration within a reasonable time.

Overview of Bill Sections

Section 1 – Title:

The Tax Reform Action Commission Act of 2003.

Section 2 – Findings:

Outlines problems of the current tax code and the need for change; identifies lack of consensus as an obstacle to reform and concludes a commission is needed to formulate a unified proposal.

Section 3 - Objectives of Reform:

Sets basic principles guiding the Commission's study and recommendations.

Section 4 - Establishment of Commission:

Establishes the Commission.

Section 5 - Duties of the Commission:

Gives the timeframe, procedures, and standards for compiling reform recommendations and submitting legislative recommendations to Congress.

Section 6 - Composition of the Commission:

Provides for 15 Commissioners and defines qualifications, appointment of the Chair, terms of appointment, and procedure in case of vacancies.

Section 7 – Procedures:

Defines when meetings take place and what constitutes a quorum; empowers the Commission to hold hearings and directs Federal agencies and organizations to provide information to the Commission upon request.

Section 8 – Administration:

Sets guidelines for compensation, travel expenses and per diem, staff support, provision of physical facilities, administrative support and other assistance; grants certain mail and printing privileges.

Section: 9 - Task Forces:

The Commission will form Task Forces as needed to fully address each of the specific issues it determines is related to and required for responsibly designing and implementing a reformed tax system.

Section 10 - Congressional Consideration of Recommendations:

Provides for introduction of the Commission bill by the House Speaker and Senate Majority Leader. Provides for a special set of rules in both Chambers designed to expedite floor consideration of the bill.

Section 11 – Termination:

Commission terminates 30 days after transmitting its recommendations to Congress

Section 12 - Authorization of Appropriations:

Appropriates \$2 million from an existing Treasury Department account until Congress appropriates necessary funds.